

An Overview of the Antecedents and Consequences of Abandoned Residential Housing Projects in Malaysia – A solution from Blue Ocean Strategy (BOS) Perspective

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Abstract

The issue of abandoned residential housing projects in Malaysia is a matter that should be given more importance in the country. This study aims to identify what are the causes, examine how it affects affected home buyers, and to suggest the solutions from Blue Ocean Strategy (BOS) Perspective. To achieve the goals, this study focused on reviewing relevant literatures and observing the site of abandoned housing projects. From the review of the literatures, the main objective is to find out what were the main factors contribute to the causes of the abandonment, how it affect the affected homebuyers and how the problem could be solved from BOS perspective. From the data analysis and the findings, the study revealed that the main contributing to factors of abandonment are Private Developers, Housing Contractors, Economic Crisis, The Government, Financial Institution, and Politics. The effects to the affected homebuyers are financial burden, mental torture, physical exhaustion, emotional instability, and social isolation. From these findings, the BOS four (4) action plans: Eliminate, Reduce, Raise and Create were applied and put into perspective. The results indicate that from BOS perspective, the existing problems in housing industry in Malaysia can be eradicated hence it will create healthier housing industry that is free from abandonment and protect the home buyers from being victimized by private developers.

Keyword: Abandoned Residential Housing Project, Causes and Effect, Blue Ocean Strategy (BOS), Malaysia.

1.0 Introduction

In Malaysia, Housing Industry begins in the early 80's where the purpose is to provide proper shelters to the citizens who live in urban and rural areas (Khalid, 2010). To speed up and to achieve the plan, Malaysian Government invited private developers to get involved directly in constructing more residential houses of various types. According to the National Housing Department (2012), the types of houses build are low cost, medium-low cost, medium cost and high-cost residential housings. From that time till now, the developments and the constructions of residential housings start to take place in every state in Peninsular Malaysia (Khalid, 2010).

Since then, private developers continue to progress and persuade to support housing demand and supply in the country. It can be seen through the issuance of development and selling permit to private developers by the Malaysian Government. National Department (2012) stated that in the year of 2009 to 2012, National Housing Department (NHD) of Licensing Division had approved 10,998 new and renewed 10,206 Development licenses for development and selling permit to private developers. In the year of 2013, NHD reported that there were 1,555 new and 2,015 renewed licenses bringing the total to 177,568 of development and selling permit approved. As a result, in middle 2014, the numbers of residential houses constructed by private developers in Peninsular Malaysia were 2,539,368 units (NHD, 2013). MHLG (2014) had also reported on the related scenario by stating that there were 3,763 housing projects, 696,176 houses and 291,163 house buyers involved.

Housing Industry, mainly residential, has shown remarkable performance and it brings positive impacts to Malaysian economic growth (BNM, 2013). The report highlighted that residential sub-sector expanded 15.7% due to the higher construction activities in the housing sector that raise to 20.3% of 70,804 units in 2012 from 13.8% of 61,357 units in 2011. Moreover, NST (2014) reported that the growth of GDP to 5% in 2014 from 4.3% in 2013 was due to the active construction activities of the housing industry. Furthermore, Productivity Report (2014) reported that construction sector is one of the key driver and enabler of economic performance that contribute the equivalent to RM 29.4 billion and the result were coming through residential construction of the residential building growing by 11.6% which equivalent to RM 9.85 billion.

However, the significant contributions by Housing Industry to the country's GDP, Financial Market and Employment opportunity has been ruined by the controversial and prevailing issue pertaining abandoned residential housing projects that affect house buyers, industry and the government (Rahman et al, 2013). Dahlan (2011) addressed similar statement by saying that abandoned residential housing project is one of the biggest problems in Housing Industry in Peninsular Malaysia and it remains unsolved until today. In addition, MHLG (2014) stated that in the middle of 2014 there were 211 sick housing projects, 33,647 houses and 22,135 house buyers in Malaysia had been abandoned by the private developers for various reasons.

Additionally, NHD (2013) also reported that there were 87 abandoned housing projects, 32,710 units of houses and they involved 23,572 house buyers. The statistical housing report indicates that the state of Selangor has the highest abandonment which is 34 abandoned housing projects, 17,529 unit of the houses and 13,492 house buyers. Next is the State of Johor which involves 16 abandoned housing projects, 5,851 unit of houses and 3,811 house buyers. Then, it is followed by the State of Kedah with 8 abandoned housing projects, 1,654 unit of houses and 965 house buyers.

Despite the continuous effort by the Government, through Suruhanjaya Perumahan Negara Berhad (SPNB) to revive the abandoned housing projects, the numbers of the cases of abandoned housing project keeps adding up and occurring every year. For example, the latest report by NHD (2014) showed that in 2009, the numbers of abandoned projects were 148. Six years later which is 2014, the total numbers of abandoned housing projects were 212. In addition to that, MHLG (2013) also reported that in 2012 alone the numbers of abandoned residential housing projects were 95 housing projects with 37,252 units of the houses. Sadly to say it involved 26,124 home buyers.

However, despite the woes and the out cry of victims pertaining the abandoned residential housing projects, the activity to develop newland and to build new houses keep on going. The buyers, the end financiers and the government keep supporting it. The private developers on the other hand, still fail to complete the jobs then eventually abandoned the housing projects being constructed and leave the home buyers in misery. In line with the issue, this study is set forward to explore, discover and find out the roots of the problems, how it effect the affected home buyers and what are the new strategies that could be used to solve the problem.

2.0 Problems Statements

The issue of abandoned Residential Housing Project happens in every part of the world. However, the causes of the abandonment are different and distinguishable among countries. In the United State of America, for instance, the cause of residential housing project abandonment is because of the subprime crisis where the prices of property drop tremendously. Property market (2011) reported that the drop of residential property were 35% to 50%.

In Europe, residential housing project abandonment exists due to credit crunch where the sponsored banks run out of cash. Therefore, the banks are unable to provide mortgage loan to home buyers and developers. In Asia, however, the causes of the abandonment vary among countries. In China and Singapore for example, the reasons for abandonments are due to central government strict rules and regulations that have to be followed. Moreover, it is the central government who settled the price of residential property. Therefore, the profit margin fails to be accomplished by the developers. In Thailand, however, the causes are due to recession that hit the Asians countries. Consequently, the buyers or investors are unwilling to risk their money.

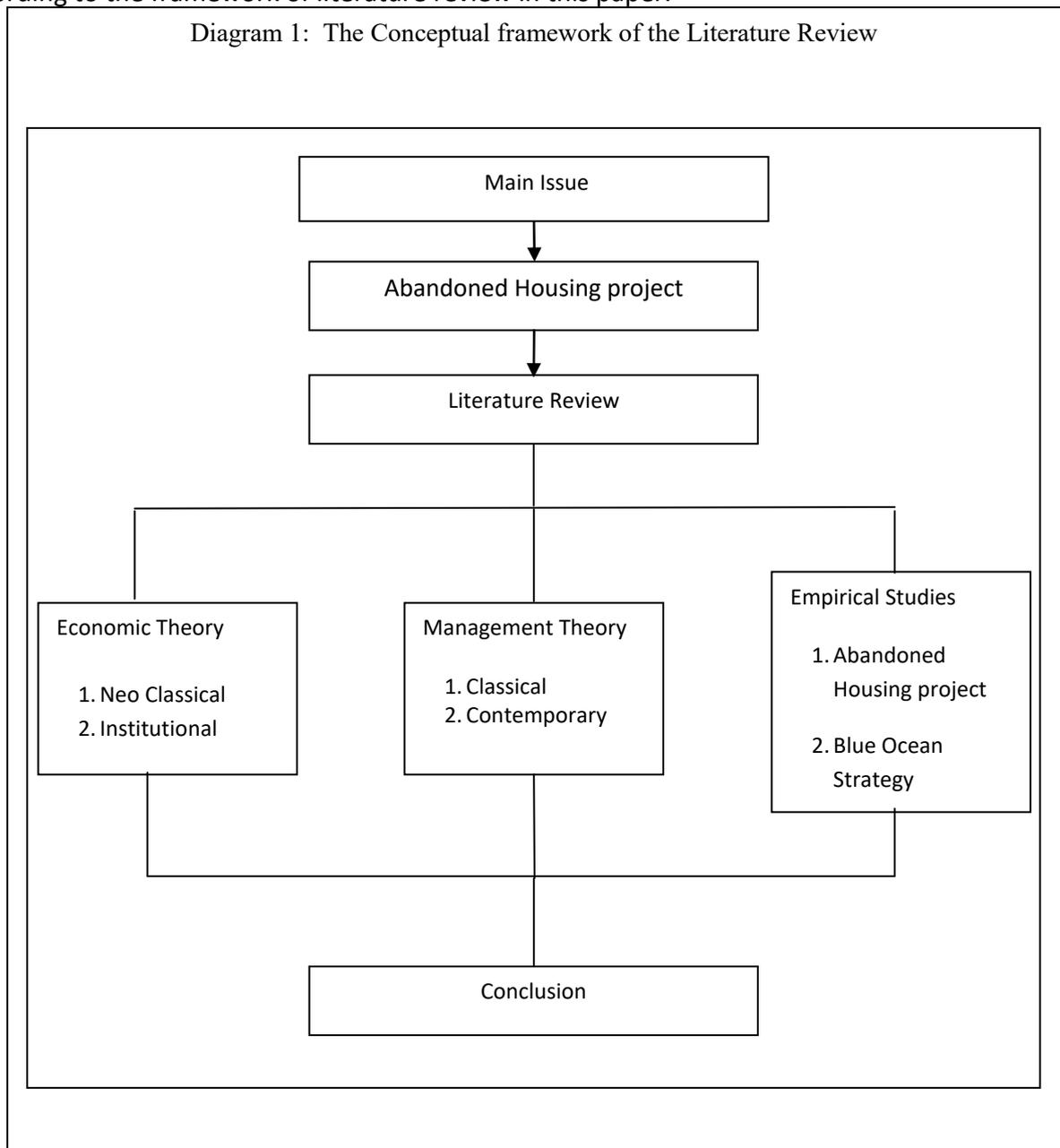
In Malaysia, the causes have become a controversial issue because they are multiple and complex. The issue spreads across the nation where the news about it displays in the daily newspapers and the people talk about in their daily lives. The parties who are involved in the housing industry, blamed each other and they refuse to take responsibility over the matter. Some argued that the causes of abandonment come from the private developer and contractors themselves. While others reluctant to agree and refute the claim that there are other causes that contribute to problems such as politics, economic crisis, financial institution and the authorities. Khalid (2010), for example, claimed that economic factors should not be excluded from the list as the contributing factors to the problem. Dahlan (2011) with another example claimed that the causes come from housing provision's policy, rules and regulation itself that create the mess and problems in the industry. Therefore, it invites and drag the parties involved in the industry into long term difficulties and hardship; What are the real factors behind all these issues?

3.0 Research Methodology

This study use qualitative approach by systematically review the literature from various databases. To have a clear and precise guidance in reviewing the literature, research questions was constructed:

- 1) To identify the factors that contribute to residential housing projects abandonment in Malaysia
- 2) To examine how residential housing abandonment effect the affected home buyers,
- 3) To suggest the solution to the problems from management perspective.

A total of 60 studies were found to be highly related to this study and selected. Based on Gray (2009) guidelines, the structure and the arrangement of the topics are discussed according to the framework of literature review in this paper.



4.0 Global Issues of Abandoned Housing Projects

As mentioned earlier, the causes and effect of residential housing project abandonment varies among countries. In The United States of America, for instance, the abandonment of housing projects began in October 2006 due to the housing bubbles or sub-prime crisis. Property Market (2011) reported that the drop of residential property completed or under construction was 35% to 50%.

In this situation, the prices of houses decline and leading to difficulty of credit excess for mortgage or housing loan. Shahrokhi (2011) further explained the situation by saying, "The USA Housing Bubble, which peaks in 2007, caused the value of the securities tied to U.S real estate pricing to plummet, damaging financial institution worldwide". As the results, the housing developers abandoned their housing projects due to lower pricing and inefficient fund that supposed to be obtained from the buyers contributions.

In Europe the housing projects abandonment is due to credits crunch which lead into debt crisis (Propertywire.com, 2011). The developers are unable to resume the housing projects which are under construction and consequently the developers are forced to abandon the housing projects. Due the crisis, the investors of the residential projects with draw their fund and left the contractors with debt to workers. Ireland, for instance, is the worst nation hit by the global recession. The housings price tumble to 4% from 1% leaving the residential housing project abandoned. Other country experience the issue is Spain (Coy & Gittlesohn, 2010).

In Asia, on the other hand, the causes and effect varies among Asian countries. In China, for instance, the causes of abandonment are due to government policy imposed to private developer and contractor financial institutions strictness of rule and regulation. Secondly, the central government is responsible to the profit margin obtained by the developer or contractor. In Thailand, however, the causes are due to recession that hit Asian countries. Therefore, the financial institutions and investors reluctant to release the mortgage to the home buyers while the investors unwilling to invest their money in property business.

5.0 Abandoned Residential Housing Projects in Malaysia

In Malaysia, the issue and the phenomena of abandoned housing project in the country remained unsolved and it worsen every day. The parties involve are blaming each other, the government blamed by the home buyers due to its failure to enforce the law to developers. While the developers blamed the projects sponsor (Bankers) and the local authorities. The local authorities blame the architect and the building engineers of their failure to submit the report work progress on the ongoing projects.

The case of the residential housing projects abandonment occurs every year. It exists up to the present day. According to report by NHD (2014) in 2009, the numbers of abandoned projects was 148 projects. The total in the previous year which was 2008 was 144 then in 2009, 4 new cases of abandoned projects were identified. In the same year, 15 housing projects were revived the left over was 133 and it was carried forward to the year of 2010. In 2010, 13 new abandoned cases. The total numbers of projects was 146. In 2011 the numbers reduced to 110 only. In that year, 36 abandoned projects were revived. However, 6 new cases occurred which made the total numbers of abandoned housing project that year 116.

In 2012, the numbers of the projects was 84 projects with 11 new projects. Therefore, the total numbers of projects was 95. In 2012, there were 15 projects revived. The numbers of projects brought forward in 2013 were 60 projects. However, 27 new cases existed in that year and total numbers of abandoned projects in 2013 was 87 projects. Fortunately, 20

projects were revived. In mid-2014 the numbers of abandoned housing projects was 57 projects and the new existed project was 7 projects. It brought the total to 64 projects.

Overall, in the year of 2009 till mid-2014, the total numbers of current abandoned projects is 144, new projects are 68 and the total abandoned projects up till present day are 212 abandoned projects.

6.0 Causes of Abandoned Residential Housing Projects from Economic Theory Perspectives

The economics theory and its relevance to the economy growth, land usage and property market have been used by many throughout the world. Khalid (2010), for instance, applied economics theory to describe the relevance of property business to the economic problems in a context of factors that causes abandoned housing projects and its affects. Furthermore, Summer (2009), a researcher at Utah Research Foundation, used neo-classical theory to explain the current recession situation by adopting Keynesian theory.

Then, few authors/scholars used the same theory to describe how the fall in investment level lead to collapse of housing boom which was the ultimate consequences are mortgage default and bankruptcy. According to Khalid (2010) other authors who applied above theories to explain economic problems related to property businesses are Adams et al (2005), Samuels (1995), Ball et. al (1998), Guy and Henneberry (2002), Bramley et al.(1995), Eccles et al. (1998), Balkhin et al. (1995), and Omar (1999).

The phenomenon of Abandoned Housing Projects can be explained by employing economic theory. These economic theories are known as neo- classical and institutional. To achieve this strategy, the researcher intends to put property market system and housing development provision as context of discussion for neo-classical and institutional economic theories. The following two subsections provide discussion of how neo-classical and institutional economic theories view and explain the causes of housing projects abandonment. Therefore, it arranged as below.

6.1. Neo classical

As stated earlier, the number of abandoned housing projects in peninsular Malaysia is increasing. The reasons behind absolute facts can be explained based on the theories of neo-classical. Khalid (2010) stated that Neo-classical recognizes that price of goods is influenced by two factors which are supply and demand. The interaction between supply and demand exists due to the presence of buyers (home buyers) and sellers (the developers) in the market place (housing industry). In this case, Eceless et al., (1998) justified that the characteristic of properties as products to be sold include the dwellings.

According to neo-classical economic theory, the closed market system is influenced by many market players such as the investors, government and market informers. Similarly, Dahlan (2008) stated that housing industry in Malaysia anticipated by many, such as federal government, state and local government financial institutions, developers, private investors, REHDA, which, therefore, among them could lead into the problem of misinterpretation of the business intersection. The theories describe the situation as imperfect information. Imperfect information means whereby the buyers have no knowledge regarding the product before decided to buy it (McConnell et. al., 2005).

“The existence of imperfect information is thought to justify legal intervention, according to conventional understanding because consumers cannot contact their own best interest without the data to rank the purchase of choice that market offers, otherwise, the consumers are efficiently informed to make purchase choice that maximize his own utility” (Schwants & Wilde, 1976).

As mentioned previously, due to lack of precise information regarding the property to be purchased, the home buyers are the ultimate victim. In addition to it, according to Dhalan (2008), the home buyers have no knowledge about the financial strength, man power capability and the quality of the developers in completing the housing projects.

Another branch of neo-classical economic theory which pioneer by J.M. Keynes in 1935 is aggregate demand (Yd) theory. The said theory can be put in mathematical equation as stated.

$$Y_d = \text{consumption}(c) + \text{Investment (I)} + \text{Government spending (Gs)} + \text{Nett Export}(X-m)$$

According to this theory that any changes in aggregate demand (Yd) components such as consumption, investment, government spending and net export can cause (Yd) to shift which means it effect economic growth (McConnell et. al, 2005). Property Market Report (2005) justified the reliability of this theory in which housing industry contributes 5.9% to Malaysian economic growth. Ministry of Finance of Malaysia (2009&2010) reported that the progress of housing industry in Malaysia is shown by the activity of sub-residential increment from 3.6% in January 2008 to 6.5% in July 2009. If the price of housing units keeps increasing, the home buyers might reluctant to purchase. As a result, high price of just newly constructed house has to be abandoned.

According to Ministry of Housing and Local Government (2009) report there are various factors that can cause the housing projects abandoned by developers which among them are the number of buyers are low, poor location and lack of public facilities and employment opportunities. Because of these reasons the investors or bankers, therefore, unwilling to invest or provide loan to the developers to precede the construction of housing projects.

Despite the fact that the number of abandoned housing projects occur and increase yearly the activities of constructing new housing units goes on and the consumer who are spending money to buy new housing units always there.

Based on the Keynesian theory, lower consumer spending or lack investment can lead to high rate of unemployment in the industry. However, with government's huge spending especially to the unfortunate industry (housing industry) the situation will cause high rate of unemployment that lead to recession. Therefore, it can be avoided and the situation would be back to normal. In the case abandoned housing projects issue, the federal government steps in to curb the abandoned projects and help unfortunate homebuyers to ease their problems.

6.2 Institutional

Another economics theory that can be employed to describe what are the causes and the effect of abandoned housing projects is Institutional Economic Theory (Khalid, 2010). This theory recognizes that institutional rules and regulations have positive relationship to the business activities. Related to housing projects abandonment specifically to housing development in Malaysia, Dahlan (2008) proclaimed that housing development in Malaysia is governed by various institutions. The most obvious among them are Ministry of Finance, Ministry of Housing and Local Government (MHLG).

Dahlan (2008) stated that MHLG are responsible for the issuance of development license to private developers, Register of Company Commission are responsible to provide business licensee, CIDB are responsible to issue construction license to developer to construct

housing units. The state and local government are responsible to issue land status transformation, property advertisements, development planning which all of these constitute in Country Planning Act of 1979 (NST, 2011). Both land and housing fall under the responsibility of the state government.

The most common complaints of the public sectors are the delay in the processing and approval of land for development, conversion, subdivision and issuance of title (Lim, 1982). Senior bureaucrat, known as PTG (Pengarah Tanah dan Galian) who shortlisted and give the recommendation to the state government for the process of issuing land titles, executive District Officer may be responsible for the delay" (Agus, 1989).

In respect to all these regulations imposed to developers, they might lead to project abandonment. As a result, the supply of housing unit in the market decreased. It is too costly for business to comply with the government regulations. Therefore they tend to increase per unit production cost and shift the aggregate supply to the left (McConnell et. al, 2005) and stated that complexity of land process and participation of various agents slows the objective and operation.

7.0 Causes of Abandoned Housing Projects from Management Perspective

Abandoned housing projects problems owe the explanations from the management theory viewpoints. For this purpose, the management theory from classical and contemporary viewpoints is employed and adopted to explain the phenomena.

7.1 Classical

Historically classical management theory which pioneered by Henry Fayol (1841-1925) and Max Weber (1864-1920), concerns with managing the total organization (Kinicki & Williams, 2008). Robbins and Judge (2007) define organization as a place where manager work. From the statement, it reveals that organization and the manager are positively related. According the theory, the job of the manager is to get thing done through organization's resources by planning, organizing, and leading, controlling and coordinating (Robbins & Judge, 2007). Max Weber's theory described the situation that a better performing organization depends on well-defined hierarchy of authority, formal rule and procedure, a clear division of labor, impersonality and career based on merit.

In context of business, the organization in housing industry is mainly private developers and contractors. Some studies discovered that the problems have originated from within in which when they have failed to carry out the tasks accounted to them. Ministry Housing and Local Government (2004) reported that private developers fail to finish and complete the construction work due to lack of management practice by the developer. Besides supporting the statement, studies by Ahmad (2005), Dahlan (2006), Sambasivan and Soon (2007) and Khalid (2010) discovered that poor management knowledge, motive of profit maximization, and lack of hierarchy control in the organizations are other factors that contribute to the reasons why private developers fail to complete their housing projects.

According to classical management point of views, the manager must get things done through planning, organizing, leading and controlling, communicating and coordinating in order to ensure the success of the objectives of the organizations. Tan (2005) proclaimed that housing projects construction consist of many activities which relied on resources of human, money, material and machineries therefore the managers must plan and organize them accurately to reach higher productivities. Classical theory views that the organization work as communities with members and subordinate work together in harmony where complex within must be resolved to satisfy the parties involved.

The theory also views that the work process must be under the control of workers with relevant knowledge. As project manager in construction housing project the manager should have good and competence knowledge because the construction so complex therefore, it requires contractual arrangement (Chua et al. 1999). The project manager is responsible in orchestrating the whole construction process. Based on theory, having good management knowledge and efficient management practice the organization then be able to perform well and ultimately reach objective. In the case of housing project industry in Malaysia, the developer would be able to deliver the completed housing units to the home buyers if the manager has had good management knowledge to lead the organization achieving project goal.

7.2 *Cotemporary*

Other management theory related to organization performance is behavioral viewpoint which part of contemporary management theory. According to this viewpoint, better human relations could also lead to worker productivity. Abraham Maslow, the pioneer of hierarchy of need theory, proclaimed that better human management could increase worker productivity through the fulfillment of physiological need, safety need, social esteem, belongings need and self-actualization. In relation to this issue, Gould and Joyce (2003) revealed that contractor labor are plasterer, plumber, pipefitter, election, bricklayer, glazier (glass installer), roofer, carpenter, blacksmith, cement mason and machine operator, therefore, to coordinate them successfully it lies upon the manager management skill and credibility.

In the context of private developers, Malaysian Employment Federation (2005) reported that there is low participation from skilled local construction workers. Aman and Shiadri (2008) found out that skilled local construction workers refuse to involve due to uncomfortable working condition, unsafe environment, lack of accreditation of work status by the government (recognition) and low wages. From this theory, it can be concluded that the housing project abandonment are due to low productivity of the private developers which contributed by hiring unskilled and low wages foreign construction workers. However, Mohd Nor et.al (2001) found out that foreign labors are neither a substitute nor a compliment for domestic labors. Mohd Nor et al. (2011) discovered that the number of foreign workers do not affect the performance of domestic workers.

From the discussion it can be concluded that the CEO or head of the organization in housing industry has failed to lead the organization to achieve high productivity, efficiency and competence in accomplishing organization goals. It was empirically proven that organization with good management practice, creative managers is able to form good strategy planning to achieve sustainable high achievement of productivity and promising performance (Som, 2008).

8.0 Causes of Abandoned Residential Housing Project in Malaysia: Empirical Studies

The causes of residential housing projects in Malaysia rooted from many factors. Dahlan (2011), for example, discovered that abandoned housing problems occur due to the Housing provision system and legislations which are complex and problematic. The findings by Dahlan (2011) agreed with Loi (2000), Khalid (2010) and Tan (2011). In this study Loi (2000) and Khalid (2010) had discovered that Housing provision in Malaysia is highly regulated and it is govern by so many legislations. Loi (2001) described that the Malaysian Housing Industry is govern by more than 50-60 piece of legislation ranging from development license issuance to private developers, law of building and land to the environment and workers safety.

Moreover, Loi (2001) stated that it is compounded by the fact that separate laws, policies, and controlled by federal, state and local government separately. In addition to that, Ismail (2002) and Othman (1993) emphasized that the private developer must comply with Building Standard (UBBL) 1984 due to the building standard and safety. Moreover, the private developers must comply with Planning Acts, 1976 (Act172) section 24(1). Under the this Acts the private developers should offer and provide social facilities such as school, recreation area, mosque, temple, church, or any religious concern, shop lot and public market.

Besides above regulation, the private developers must confront with more complex situation on the development approval from the authorities. Tan (2011) highlighted the complexity and hurdles of the development approval by stating that all the relevant arrangements in housing developments such as land conversion for housing, drawing of layout plans, building and structure plans, planning of infrastructure and assessment of environment impact must be approved by federal and state authorities. These approval processes for development involves federal and state agencies which consist of Land and Mine Department, Land office, Local Authorities, survey Department, Telekom Malaysia, Tenaga Nasional, Water Work Department, Town and County Planning Department, Fire Department, Health department, and National Landscape Department. Due to this, the decision for development approval takes longer time period which takes two (2) years it cause the private developers to cancel the application or postpone the housing development proposal (Loi, 2000).

However, the private developers in this period of time are allowed to advertise and to sell the house units to the public's through pamphlet and brochures after receiving advertisement permit from local authority such as city municipal council. Moreover, the private developers can collect the money from the potential homebuyers. Fen (2007) further highlighted the complexity in the current housing system in Malaysia. According to Fen (2007) current housing system in Malaysia exercises Sell-Then-Built or STB. Under this system the potential house buyer required to pay ten to twenty percent (10-20%) down payment upon the signing of Sale and Purchase Agreement. This agreement which signed by both the private developer and house buyer does not concern the loan mortgage provider (The Bank) or the contractor. Similarly, by legal agreement the private developer hires the contractor to build the house units. The signed of agreement between private developer and the contractor for particular housing project does not concern the either the homebuyer or the authorities.

Still, the house purchased by the house buyer is not even built yet where it is only matter of artists impression where the location, size and quality of house bought is beyond the house buyer thought (National Housing Buyer Association, 2004, Fen, 2007). Moreover, even though the Sale and Purchase agreement and mortgage loan has been signed by homebuyer there is not guarantee to the completion of house building by the private developers. The loophole in this system leaves the homebuyer unprotected and big opportunity for the culprits and errant developers to abandon the housing projects (Sibly et al., 2011).

Furthermore, Dahlan (2011) insisted that the weakness in the regulation is a heaven's opportunity for the real culprits (defaulting developers) easily skip from further liability and responsibility. The author added that the real victims of complexity are the house purchaser themselves.

The study conducted by Khalid (2010) discovered that the cause of abandoned housing project lies within private developers themselves. According to Khalid (2010) these causes which inhabit the private developers are profit maximization, inadequate fund, poor

management. The findings had obtained by Khalid (2010) gets support from Ibrahim (2006). According to the latter, the high profit motives by private developer become apparent when the author discovered that the private developer in Terengganu refused to construct public amenities and produced low quality of work performances.

McConnell et. al (2005) defined profit maximization as where the quantity of each resource a firm must be fully employed to maximize its profit. According to Gould and Joyce (2003) and Tan (2005), construction's resources composed of human labor (steel workers, plaster, plumber, pipefitter, electrician, bricklayer, glazier, roofer carpenter, pile driver, and cement mason). To maximize the profit, Tan (2005) and Malaysia Employment Federation stated that the private developers reduce their overhead cost such as cost of labor by practicing intensive use of manpower to avoid huge expenses on tools, equipment, safety harness and by hiring cheap-unskilled foreign construction labors from Indonesia (69.4%), Nepal (10.2%), India (6.2%) and Vietnam (4.6%).

Related this study conducted by Aman and Shiadri (2008) revealed that the reason behind of low participation among skilled-local construction is that the greediness either private developers or contractor to invest on high-paid wages of skilled workers and to invest on safety harness equipment for their workers. Moreover, Aman and Shiadri, (2008) stated that some private developers intentionally refuse to pay the contractors, material supplier, and other creditors despite the progress of work activities on site. As results, the housing projects end up with abandonment because the contractors must stop work activities on construction sites or the private developer got winding up by court.

Additionally, Khalid (2010) and Hussin and Omran (2011) discovered that the reason the private developer abandoned their projects due to the lack of sufficient fund, therefore, they unable to run construction activities, to buy construction materials, to pay wages, to hired qualified project managers or to complete the housing projects. Even though the private developers use other people money (20% deposit from purchasers) to take off the construction works the private developers still need fund from bridging loan from the banks. If the Private developers unable to obtain the bridging loan, as a result, they have to stop the housing projects and abandoned it. Other cause sparks private developers to abandon their housing projects is poor management which come from lack of management knowledge among managers (Khalid, 2010).

The study conducted by Mumin (2010) found out that one of the factors the private developers or housing contractors is that lack of knowledge in project management; therefore they are unable to plan, organize, and coordinate the work activities on construction site, material needed, time and money required. The author also insisted that the projects managers incapable to apply and implement modern construction methods and technique to achieve project goal and meet project deadline. Not knowing the projects management, the project manager or the contractor definitely cause a delay in project completion time. Sambasivan and Soon (2007) also highlighted the worse of lack knowledge in housing construction is contractor's improper planning, poor site management, faulty in communication and mistake during construction stage. As a result of the delay, the housing projects finally abandoned (Sambasivan & Soon, 2007).

In addition to that, other scholars who had done the study on the causes of residential housing abandonment were Hussin and Omran (2011). They had discovered other three causes: Poor marketing and sale strategy, technical problems faced during construction, and compensation requested by squatters for resettlement. The authors recited what Ministry Of Housing and Local Government had found. For example, 118 or 70% of the housing projects

abandoned came from within the organization which is the developers themselves. Both author agreed that the problem exist within the developers, 14% from wrong marketing and sale strategies while 16% come from poor company management and disputes between developers and the land owners. Furthermore, Hussin and Omran, (2011) discovered that Asian Financial Crisis such as in 1997 affected the developer whereby the cost of building material increased drastically and it had caused them to abandon the projects.

In contrast, Zairul and Ibrahim (2010) concluded what are the reasons of the housing projects abandonment: delay approval by the concerned authority on building plans and land status has cause the cost increase, financial problems from the developer to finance the projects, poor management by developers, lack of coordination between contractors and developers, dispute and disagreement between project consultants and the developers, increase in price of the construction materials, construction does not follow specification stipulated hence create the long delay in construction activities. Developers unethical attitude by delaying the payment to both contractors and the consultant, and lack of risk management skill among developers to predict future price, change in construction materials and to set good marketing and sale strategy also resulting loses to the developers therefore they choose to abandon their residential housing projects.

Other than that, the factor causes the housing projects abandonment by private developers is the economics factors. Dahlan (2008) stated that "Even though housing industry has become one of the top priorities of the Malaysian Government, this industry still causes possible spillover and recurring problem for the nation. One of the most plaguing enigmas is the abandoned housing projects that can be affected by economic crises. The causes are multifarious, but the most formidable reason is economic recession, that has effect the whole nation". Furthermore, in similar development, Khalid (2010) proclaimed that one of the reasons of Residential Housing Abandonment is failure to respond to global housing market signal.

9.0 Effects of Abandoned Residential Housing Projects

Abandoned Residential Housing projects effects many which not only to the housing industry itself but also to other businesses and stakeholders such as house buyers, project, consultants, housing contractors and related officers. However, among these stakeholders, house buyers are the most hurt and affected party caused by the Abandoned Residential Housing Projects enigma. To view the suffering and the situation how the house buyers have gone through it is better explains by the report from one of our local newspapers.

Moreover, National Homebuyer Association (2009) statement which based on the report by News Strait Times (2006) stated that heavy burden to the house buyers by the result of abandoned residential housing projects because he or she has to service the mortgage loan and folk out rent for a roof over their head. Due to the acts of errant and culprits private developers (Defaulting Developers) by abandoning their housing projects, many innocent home buyers become the victim (Dahlan, 2011, Tan, 2011). These innocent victims are labors, government officers and clerks with salary not more than USD1, 300 per month (Zairul & Ibrahim, 2010).

Furthermore, Hussain and Omran (2011) stated that abandoned housing projects have various implications on the affected parties. Among these parties are the house buyers who face great difficulties and losses. The difficulties faced by house buyers are financial and psychological. While the physical losses would be their savings and the houses they supposed to have (National Housing Buyer Association, 2009). When housing projects are abandoned,

the home buyers still have to pay monthly installment to the bank for their mortgage loan and monthly rent landlord for the house they occupied. Moreover, the home buyers have to bear the interest charge by the bank where the more they incur the bank's money the more interest they bear.

In addition to their pain, the affected home buyers must seek legal advice and it certainly cost the house buyer to hire them to defend the case where the bank wind up the private developers' companies and reposes the incomplete houses. According to National Housing Buyer Association (2009) after repossession, the banks held public action where all house sold under market price. Whatever the balance left, the home buyers must settle it within twenty one (21) days fail to do so the home buyers end up with jail term for default loan. "However, this incident has left the home buyers in lurch because banks have been pressuring on them to pay something they do not have" (New Strait Times, 2011). In certain extent when the home buyers unable to make the payment for the mortgage on abandoned housing projects the banks declare bankruptcy on the home buyers (The Star,2011). As the result, the homebuyers end up with financial burden and hardship through their lives because their monthly income barely enough to support their family daily expenses. Therefore, the home buyers suffered from mental stress in anguish and mourning. Other than that, National Housing Buyer Association (2009) reported that some of the affected house buyers suffer mental anguish and therefore, the family bonding and integration fall apart.

10.0 Solutions to Abandoned Residential Housing Projects from Blue Ocean Strategy (BOS) Perspective

Choosing Blue Ocean Strategy as a tool of action plans among other's to solve the issue of Abandoned Residential Housing Projects in Malaysia is thought worthwhile. The reason is that Blue Ocean Strategy (BOS) moves are comprehensive, effective, logic, applicable and implementable (Kim & Mauborgne, 2005; Aspara et al, 2008; Kim et al.,2008; Burke et al., 2009; Alex Ng et al., 2011; Lindic et al., 2012; Pitta & Pitta, 2012; Mohamed, 2012). Subsequently, Blue Ocean Strategy provides both theoretical and practical frameworks that can be applied and implemented in all fields in businesses and it was proven successful (Kim & Mauborgne, 2005).

BOS is a strategy book written by Professor Dr. W.C. Kim and his ex-student Dr. Reene Mauborgne who are both Professors of Strategy and Management at INSEAD (An International Graduate business and Research Institute). Furthermore, Blue Ocean Strategy is not only a theory of business but also theory of economics. The general the purpose of the theory is to create new uncontested market space and make the competition irrelevant (Kim & Mauborgne, 2005). The idea of BOS comes up after extensive study of one hundred and fifty (150) strategy moves applied and implemented by thirty (30) various industries for hundred and twenty (120) years from 1880 to 2000 (Kim & Mauborgne,2005; Alex Ng. et al., 2011). The significance of BOS application and implementation (Mentioned in the book) were exemplified by Cirque Du Soleil, Net Jet, Southwest, Home Depot and Dyson. Furthermore, other well-known companies implement BOS concept and strategy moves are Nintendo, China Mobile, Pitney Bowes and Starwood.

BOS has its own uniqueness. BOS is supplied with both futuristic theoretical and practical frameworks. The theoretical framework governed by six path principles. The six paths principles are suitable to be emulated to redefine the industry by government or the policy makers in the industry (Burke et al., 2009). The practical frameworks, on the other hand, are governed by strategy canvas, four actions framework and tipping- point leadership

(Kim & Mauborgne, 2005). Strategy canvas is an analytical tool designed to measure the performance of applicant companies in the industry against their rivals. This is the first step in the formation of Blue Ocean Strategy. However, the four actions framework, which has complimentary quality: focus, divergence and compelling tag line, is basic and logic strategy moves that must be applied and implemented. In addition to it, the four actions framework is used to create value innovation by the companies to break away from the competition among business rivals but in the same industry (Kim & Mauborgne, 2005). Furthermore, tipping-point leadership directed to the managers who responsible to run the companies. This strategy must be possessed by leaders of the company to overcome cognitive hurdle, the resources hurdles and the political hurdles.

Besides what are mentioned in the book alone, there are plenty other researchers who have already picked the truthfulness of BOS. The results and findings of their researches have contextualized the theoretical framework contribution not only in the businesses but also to the policy. For example, Burke, et al. (2009), Lindic, et al. (2012) and Pitta and Pitta (2012) are among them.

Burke et al. (2009) had conducted a study to find out the logic of creating untapped market can generate profit and growth. To explain this truth, A Burke et al. (2009) had applied Beach Theory (BT). BT is an economics theory pioneered by an economist in 1929 named Hotelling (Burke et al., 2009). To put the theory into perspective, Burke et al. (2009) put three ice cream vendors (firms) which similar in products and services while the customers are the beach goers. The three ice cream vendors compete to one another to gain beach goers attention. The situation much worse when another ice cream vendor sale ice cream at the same beach, consequently, the competition among four ice cream vendors getting tough and crowded while the profit become slimmer. However, if one ice cream vendor goes to another beach which plenty with beach goers who willing to buy ice cream that ice cream vendor would have huge market demand in a new market space (new beach). From this theory perspective, Burke et al.(2009) concluded that creating new market space for business growth with high profit is affirmative and practical.

Additionally, Burke et al. (2009) conducted another research. The research objective was to discover motivation functionality in BOS theoretical framework. The data was analyzed by using wide-industry analysis. Burke et al. (2009) found out that the business that currently in the red ocean (extreme competition) but motivated to discover new market space (Blue Ocean) is able to compete in the red ocean then slowly able to capture the new market space (Blue Ocean) where competition no longer exist. Then, Burke et al. (2009) concluded that applying Blue Ocean Strategy theoretical framework in business has motivated the company to be free from extreme competition and decided to replace the traditional strategic with Blue Ocean Strategy concept. Furthermore, Burke et al. (2009) found out that the theory from Blue Ocean Strategy is workable and useful especially in the long run not in the short run.

Furthermore, empirical study conducted by Mohamed (2012) focused on that usefulness of four actions frame work: Eliminate, Reduce, Raise and Create or ERRC Grid on fourteen different companies with different background and business operation. Mohamed (2012) revealed that the companies or agencies that apply ERRC grid showed some commonalities which obtain high profitable growth. The conclusion of this study proved that the companies that intend to have high profitable growth must concern the components of for actions framework strategy moves.

Later, Lindic et al.(2012) set research objectives to find the success of BOS framework as business strategy to differentiate from others to trigger growth, secondly, implementation

to policy. Then, the data was analyzed using sensitivity analysis and one-way variance analysis (ANOVA). Lindik et al. proclaimed that the theoretical framework of Blue Ocean Strategy contribute two thing: 1) Blue Ocean Strategy is relevant to any companies and it can be applied for rapid growth where the competition is high among rivals, 2) Policy maker can learn from Blue Ocean Strategy theoretical framework whereby policy can be created to produce healthier business environment that give more significant and benefit to business growth.

10.0 Conclusion

It is clear in evidence that BOS can be applied and implemented to solve the issue of Abandoned Residential Housing in Malaysia. The relevance of BOS to Abandoned Residential Housing Projects issue is probably rare to none. However, the informative and rectified evidences from previous studies about BOS in theoretical and practical framework effectiveness should lay solid validity which can be applied and implemented in any businesses in this world. For example, Aspara et al. (2008), Burke et al. (2009), Alex Ng. et al. (2010), Lindic et al. (2012), Pitta & Pitta (2012) and Mohamed.(2012 had proved that BOS shows dominance over traditional strategy in the long run in generating high profit.

According to BOS perspective, the current situation that evolves in Housing Industry in Malaysia is called Red Ocean. In the Red Ocean, the proponent of BOS put it as, "In the red oceans, industry boundaries are defined and accepted, and the competitive rules of the game are known. Here companies try to outperform their rivals to grab a greater share of existing demand. As the market space gets crowded, prospects for profits and growth are reduced. Products become commodities, and cutthroat competition turns the red ocean bloody." (Kim & Mauborgne, 2005).

In conclusion, the mission to create new environment in housing development in Malaysia is finally coming into existence. Healthier housing industry is created where three main industry players such as private developers, financial institutions, and governments have been transformed to new function, role and value. As a matter of fact, there would be no more inefficient and incompetent private developers or housing constructors in the industry. They will occupy more factors that trigger high performance and productivity. What they lack of now is to create Value Innovation that has been implemented to them. Kim and Maubourgne (2005) proclaimed that Value Innovation is the way of thinking to create Blue Ocean (BO) which consists of driving cost down and driving value up for buyers and break away from competition.

In this newly created economic environment and market structure of housing industry in Malaysia, the private developers are occupied with rich management knowledge in project management, financial management and human resource management. Having those types of management knowledge would enable private developers or contractors to apply and implement modern method in managing their project operations, tasks execution and financial flow. The essentiality of mastering management knowledge in housing business is agreed by the proponent of BOS where he insisted in the following sentence. "Creative and knowledgeable managers (The developers and contractors in this case) are vital to build a new form of growth in the firm where the effective idea and theory are needed and must be deployed to boost superb performance and productivity" (Kim & Mauborgne, 2005).

The relevance of housing business to the studies conducted is on product development. In housing industry, houses are the products. To be in the market, they needed to be designed on paper then here they are constructed and making them attractive to be sold to the customers (home buyers). Therefore, the house design on paper must have better

and attractive value to differentiate it from others. To create value on the product (a House), the four action plans can be used as what had been proven by Pitta and Pitta (2012). Tan (2010) however, proclaimed that the slow growth of construction industry is due to the influence from residential property construction. The reason is that the demand is too less attractive and the creation is less valued by the house buyers. Tan (2010) stated that housing activities play important role in shaping and sustaining economic growth. Therefore, the slow growth of construction in housing sector effects the country's economic growth (Rahman et. al., 2008; Aibinu & Odeyinka, 2006; Jaillon & Poon, 2007). Realizing the fact, the reasons on applying Blue Ocean Strategy in Housing Industry is to counter the slow growth, to create new market space for housing industry, to form value innovation and to break free from the competition among private developers in Malaysia is worth to be explored.

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